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DEPARTMENT OF
PUBLIC WORKS

MAINTENANCE SERVICES
DIVISION

CITY OF SACRAMENTO
CALIFORNIA

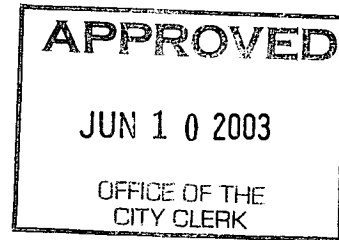
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June 4, 2003

City Council
Sacramento, California

06 2003 - 098



Honorable Members in Session:

SUBJECT:

AUTHORIZE THE CITY MANAGER TO EXECUTE THE PURCHASE AND SALE AGREEMENT WITH CONSOLIDATED FREIGHTWAYS (CFCD 2002 LLC) FOR \$8.5 MILLION TO ACQUIRE REAL PROPERTY LOCATED AT 918 DEL PASO ROAD FOR THE NORTH CORPORATION YARD, APN: 237-0011-037, APPROVE APPROPRIATIONS FOR THE ACQUISITION AND RELATED EXPENSES, AND APPROVE ASSOCIATED CASH ADVANCES

LOCATION AND COUNCIL DISTRICT: Sacramento County, south of and adjacent to District 1. The property is south of Del Paso Boulevard and west of Northgate Boulevard. Actual street boundaries are: Del Paso, Striker, National and Kenmar.

RECOMMENDATION:

This report recommends that City Council adopt the attached resolution to :

- Authorize the City Manager to execute the Purchase and Sale Agreement with Consolidated Freightways (CFCD 2002 LLC) for \$8.5 million to acquire fee title to real property located at 918 Del Paso Road for the North Corporation Yard, further identified as APN: 237-0011-037, and to execute such additional documents as necessary to implement the Agreement; and
- Approve the appropriations in the amount of \$8.6 million for the acquisition and related expenses; and
- Approve associated cash advances.

CONTACT PERSON(S): Tom Lee, Deputy City Manger
Gene Moore, Maintenance Services General Manager 433-6319
Rhonda R. Lake, Real Property Agent, 264-7902

FOR COUNCIL MEETING OF: June 10, 2003

City Council

Authorization To Acquire The Site And Provide Interim Acquisition Funding For The North Corporation Yard
June 5, 2003

SUMMARY: This report recommends the purchase of an improved 33.78± acre site at 918 Del Paso Road, previously operated as a truck terminal by Consolidated Freightways (see Attachment "A"). The facility became available for sale after Consolidated Freightways (CF) filed bankruptcy in 2002. On May 22, 2003, the bankruptcy court approved a sale to the City for \$8.5 million. Acquisition funding is available through temporary advances from the Major Street Construction and Fleet funds which will be reimbursed from the sale of bonds anticipated in Summer 2003. Staff will report back to Council with a repayment schedule as well as activities proposed to rehabilitate or modify the site and its improvements for City use as the North Corporation Yard.

COMMITTEE/COMMISSION ACTION:

None.

BACKGROUND INFORMATION:

Corporation Yards Master Plan and Site Selection:

On June 4, 2002, City Council approved the Corporation Yards Master Plan which included a recommendation to acquire a 30-acre site to meet projected growth and service needs in the north area of the City. Council also approved criteria for selecting a site and directed staff to begin the site acquisition process for the North Corporation Yard (NCY). The first step undertaken was to identify potential sites that met the 30-acre requirement, appeared to meet most of the site selection criteria and would not require the relocation of residents or businesses. After review of 13 sites, staff narrowed the selection to three. Staff briefed Council on its findings, recommended pursuing the site of the former Consolidated Freightways truck terminal and received Council authorization to submit a Letter of Intent (LOI) for the site, subject to successful negotiation of a contract and bankruptcy court approval. In May, CF recommended the court accept the City's offer of \$8.5 million and on May 22, 2003 the bankruptcy court approved the sale.

Site Amenities:

Compared to other sites evaluated, the subject property most closely matched the approved site selection criteria with respect to size, location, configuration, access, availability, usable features, proximity to service areas, suitability of land uses, compatibility with surrounding land uses and other characteristics (see Attachment "B").

The subject property consists of a single parcel of approximately 33.78 acres in a functional rectangle shape and is zoned M1-Light Industrial. It features extensive footage along both Del Paso Road and Kenmar Road. Existing improvements include a 164 loading door, cross dock truck terminal (68,320sf), a 12,996 square foot two-story office building, a 10,000 square foot maintenance shop building and an open fueling station of 8,000 square feet. Other improvements include asphalt paved yard area, concrete fence and landscaping around perimeter, yard lighting and drainage. The improvements were reportedly constructed in 1981 for use by Consolidated Freightways and are suitable for continued industrial use.

City Council

Authorization To Acquire The Site And Provide Interim Acquisition Funding For The North Corporation Yard
June 5, 2003

As approved by the bankruptcy court, the purchase price is \$8.5 million or \$5.78 per square foot. Based on information provided by an independent fee appraiser and three (3) local construction firms, the purchase price of the improved site falls within the range of fair market value. By comparison, construction estimates to replicate existing improvements on a similar unidentified site in the Sacramento area ranged from \$6.3 million to more than \$12 million and *did not* include building and permit fees, environmental review and land acquisition cost, which can range from approximately \$2.75 to \$4.00 per square foot for raw industrial land. A vacant 44± acre parcel adjacent to the subject, also owned by CF and heavily encumbered by utility easements and structures, is currently in escrow for \$5.8 million or \$3.03 per square foot. Compared to other sites, the subject property has a low ratio of improvements to land; thus providing significant opportunity for future site development and use in support of the approved Corporation Yards Master Plan through 2035.

Staff recommends that initial funding of this acquisition come from temporary advances from the Major Street Construction and Fleet funds. Reimbursement is recommended through the 2003 sale of bonds anticipated this Summer. Staff will report back to Council regarding the sale of bonds and will provide further detail on the repayment schedule. In addition, details will be provided on proposed site modifications and enhancements, specific departments occupying site facilities, suggested funding strategies and potential opportunities to generate revenue to offset the General Fund obligation.

FINANCIAL CONSIDERATIONS:

The cost of acquisition is \$8.5 million for the subject property and no more than \$100,000 for closing costs, for staff costs and for interest expense on advance funding recommended for the acquisition. The total of \$8.6 million would be advanced in equal parts from the Major Street Construction Fund and Fleet Fund with interest and for the period between closing, anticipated for this month, and the issuance of bonds anticipated in late Summer 2003. Both funds providing the advance will not experience any impact on operations during this period.

The bond proposed is part of a larger issue that would reimburse this site acquisition as well as the North Natomas Regional Park and fund projects that could include the 911 Center, the North Natomas Fire Station and Library and others. Staff will return to Council prior to bond authorization with recommendations for rehabilitation and modifications to the site, associated funding, and with a repayment schedule covering all costs related to the site. Repayment will be supported by participating departments and associated funds and by Council authorized partnering opportunities.

ENVIRONMENTAL CONSIDERATIONS:

As part of due diligence, Environmental Planning Services and an independent consultant reviewed Phase I and Phase II Environmental Site Assessments which noted a release of diesel fuel in 1987 and subsequent cleanup and remediation efforts. Future work will be required to "close" the site; however, the environmental condition of the site, as outlined in the reports, is consistent with similar land uses.

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Authorization To Acquire The Site And Provide Interim Acquisition Funding For The North
Corporation Yard
June 5, 2003

Acquisition of the subject property is exempt from the California Environmental Quality Act (CEQA) under section 15301 wherein the project involves the purchase of an existing facility, with no physical modifications planned at this time. No project funding for changes to the site have been established. Any future plans for modification to the site and improvements would be subject to additional environmental review at such time as a project is identified for the property.

POLICY CONSIDERATIONS:

The staff recommendations are consistent with prior Council approval of the Corporation Yards Master Plan and Site Selection Criteria. This acquisition is consistent with the City's Strategic Plan to promote and support economic vitality.

ESBD CONSIDERATIONS:

None. This report does not involve the purchase of goods or services.

Respectfully submitted,



Gene Moore
Maintenance Services Manager

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Approved:

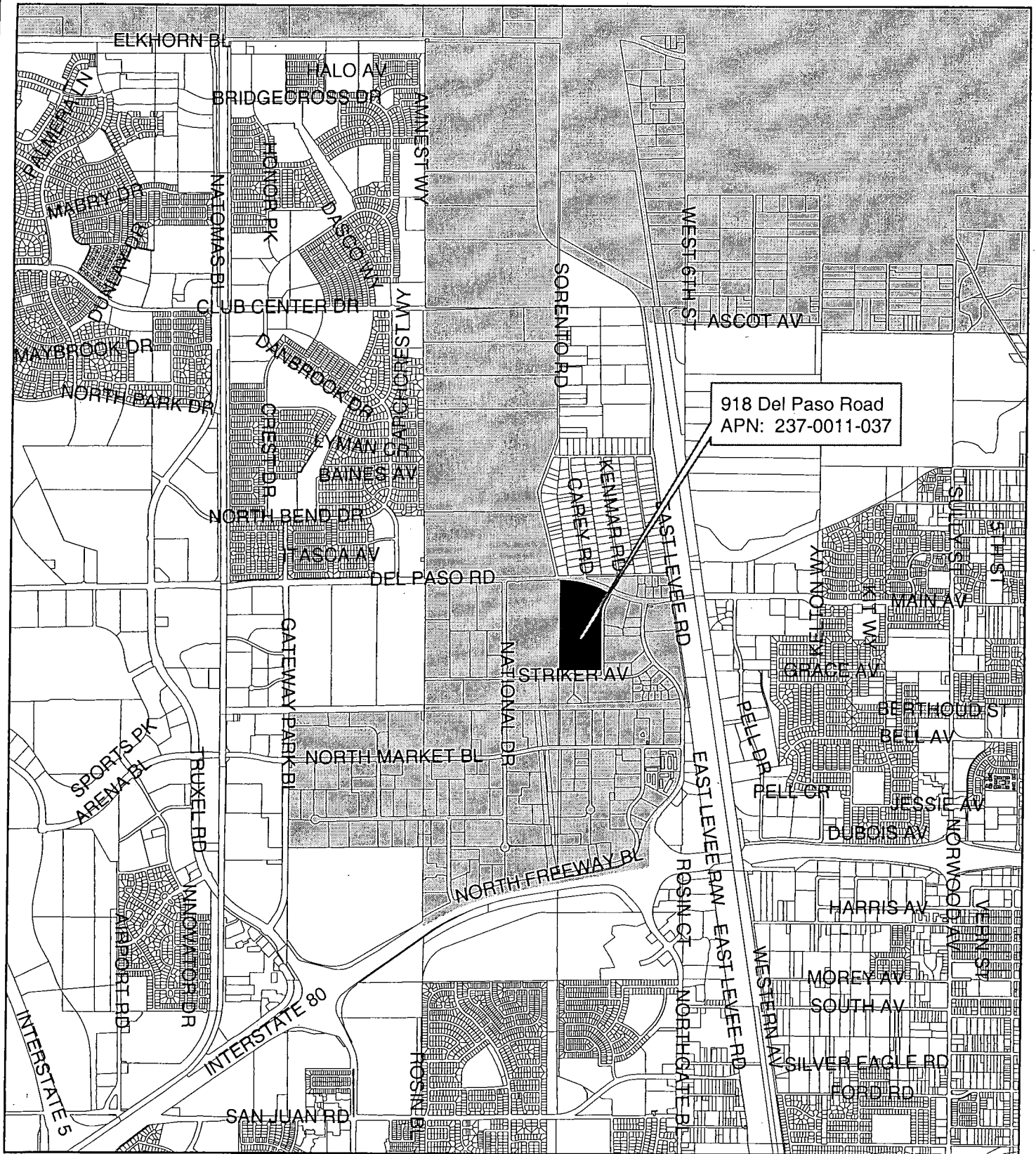


Thomas V. Lee
Deputy City Manager

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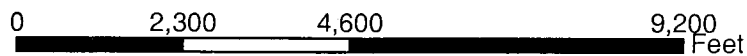
North Corporation Yard



918 Del Paso Road
APN: 237-0011-037



B Mueller
06/04/03



ATTACHMENT B

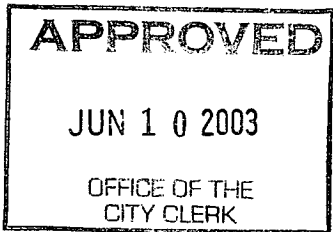
North Corporation Yard Site Selection Criteria and Consolidated Freightways Site

Site Selection Criteria - Adopted 6/2002 in Corporation Yards Master Plan		Consolidated Freightways Truck Terminal Site
Category	Criteria	
Access to site	<i>Paved, public street available or could be constructed within 1 year; potential to signalize main access point if needed</i>	Good access via major streets to communities and freeways. Site access exists off Del Paso Rd., may be able to signalize; may be able to add access off Kenmar (east)
Access to major streets	<i>Within 1/4 mile of arterials and streets connecting communities</i>	Situated on Del Paso Road; Northgate Blvd. 1/4 mile to east
Access to freeways	<i>Within 5 minute travel time to exit</i>	I-5 is 2.6 mi. to west & I-80 is 1 mi. to south; both are within 5 minute drive
Availability of access via alternative modes	<i>Site should provide for commuting options to reduce travel time and trip length; to obtain air quality and congestion reduction benefits. Desirable for site to be: within 1/4 mile of existing or future transit routes to facilitate staff commuting by light rail and bus; within 1 mile of bike routes to facilitate bicycle travel</i>	Existing bus service is available; Regional Transit operates Route 14 on Northgate, approximately 1/4 mile walking distance from the site.
Distance to Future Service Centroid	<i>In comparison with other potential sites, the preference is to be closer to the future centroid of service, which is projected to move west to approximately I-80 near Truxel Road.</i>	Site is approximately 2 miles northeast of future centroid ; closer than other alternative sites; offers good access to existing communities via Northgate and to new development via Del Paso
Availability of Services	<i>Connection or hook-up available adjacent to site within 1 year, or by anticipated development timeframe, for utilities and services including any of the following: water, sewer, drainage, electricity, natural gas, telephone and fiber optic cable.</i>	Public services are available ; site is developed.
Cost	<i>Consider site costs with respect to real estate market (fair market value, reasonable price), initial costs to develop (infrastructure, site improvements, etc.) and relative to other criteria (such as tradeoff with location close to service areas)</i>	Purchase price is considered to be within fair market value for an improved Sacramento industrial site.
Community Development Opportunities	<i>Potential for development of site as a city facility to positively contribute to the fabric of a community, such as to encourage development of other uses and foster economic benefits.</i>	Site size meets long range corporation yard needs in north area of city through 2035 as master planned. Existing low ratio of improvements to land provides opportunity to expand and/or generate revenue from the portions of site not utilized in short range.
Other Factors as Appropriate	<i>Additional factors will be considered as determined to be relevant. Weightings and comparisons among criteria may be incorporated into the site selection process.</i>	Reuse of existing industrial site is compatible with corporation yard uses. Site could be used immediately for vehicle parking, repair, fueling and materials storage; will support the long range objectives of the Corporation Yards Master Plan.

ATTACHMENT B

North Corporation Yard Site Selection Criteria and Consolidated Freightways Site

Site Selection Criteria - Adopted 6/2002 in Corporation Yards Master Plan		Consolidated Freightways Truck Terminal Site
Category	Criteria	
Site Size	Approximately 30 acres; to accommodate current space needs, materials and other storage, serve as an operating base for departments, provide opportunities for long-term city growth, etc.	Approximately 33.78 acres, improved with truck terminal, 2-story office building, maintenance shop and fueling station; unimproved areas (approximately 4 acres) and paved expanses provide opportunities for future site development and use
Availability	Property available for sale	Immediately available due to bankruptcy of owner, Consolidated Freightways (CF)
Relocations	No relocation or displacements of residences, shops or other improvements required	Truck terminal went out of business; no displacement nor relocations of businesses or residences involved
Jurisdiction	Site could be located in city or potential annexation area	In County area under consideration for annexation; M-1 Light Industrial zoning; special permit required for governmental use
Existing Land Uses	Undeveloped, underdeveloped or developed with interim or minor uses	Developed industrial site
Land Use Issues	No potential controversies; site should be within areas planned for development; site should not be located in environmental buffer zones; site would not require separate agreements with federal state or local agencies to develop	No issues foreseen; corporation yard would maintain existing industrial use of site; older residential area to north
Site Features	Level ground, no standing water	Site is level, paved, fenced, landscaped along street frontages and has drainage and lighting. Structures include covered loading docks, repair shop, fueling areas and offices.
Suitability of Site for Yard	Feasible shape for corporation yard development (can accommodate large areas of paving, vehicular parking and circulation)	Large areas of parking and paving exist; rectangular site shape and linear layout workable. Existing structures and infrastructure could be used "as is" or with minor improvements/enhancements. More extensive remodeling work could be done as required.
Restrictive Easements on Site	No restrictions that would affect ability to use major portions of site	Easements shown on title report and ALTA survey typical for existing use and do not affect usability of major portions of site.
Habitat Concerns	No endangered or threatened species; no wetlands; trees or other site features located so as to not impact use of site; easy to mitigate conditions	No sensitive areas observed
Toxics	No contamination per Phase I report or site use would result in no exposure	Underground fuel leak near fueling area has been investigated through Phase I and Phase II Environmental Site Assessments. Cleanup and remediation have taken place, but will require closure work and sign-off.



RESOLUTION NO. 2003-362

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE PURCHASE AND SALE AGREEMENT WITH CONSOLIDATED FREIGHTWAYS (CFCD 2002 LLC) TO ACQUIRE REAL PROPERTY LOCATED AT 918 DEL PASO ROAD FOR THE NORTH CORPORATION YARD, APN: 237-0011-037, APPROVE APPROPRIATIONS FOR THE ACQUISITION AND RELATED EXPENSES, AND APPROVE ASSOCIATED CASH ADVANCES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. The City Manager is hereby authorized and directed to execute the Purchase and Sale Agreement with Consolidated Freightways (CFCD 2002 LLC) to acquire fee title to real property located at 918 Del Paso Road, further identified as APN: 237-0011-037.
2. The City Manager is hereby authorized to execute such additional documents and to take such additional actions as necessary to implement the Agreement.
3. Cash advances are hereby authorized in the amount of \$8.6 million in equal parts from the Major Street Construction Fund and the Fleet Fund.
4. Cash advances will carry an interest rate equivalent to that earned through the City's Pool A rate, the intent being that the interest earnings of the advancing funds will remain whole.
5. The \$8.6 million in advances will be appropriated to North Corporation Yard (PN: BC16)

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____